

A scenic landscape photograph of a lake at sunset. A moose stands in the shallow water, its reflection visible. The sky is filled with soft, orange and yellow clouds, and the surrounding forest and mountains are reflected in the calm water.

# Montana's Outdoor Economy

*by Christopher Bradley, Economist*

The mountains, rivers, plains, and lakes of Montana offer all sorts of opportunities for recreation, which people are using more each year. More and more people living in Montana are using the great outdoors to have fun while tourists from out of state are also visiting in increasing numbers. In 2016, nonresident visitation to Montana surpassed 12 million visits for the first time<sup>1</sup>, with Montana's main draw being the great outdoors. Whether visitors come for the views, wildlife, camping, hiking, skiing, hunting, fishing, floating, biking, or any other outdoor activity, they contribute to the "outdoor economy" by spending money and interacting with businesses. This month's article explores Montana's outdoor economy.

## What is the outdoor economy and how big is it?

The outdoor economy can be difficult to measure because of the ways that it intersects with many of the industry groupings used in the production of most major economic statistics. For example, if we focused only on fly fishing we would see fly rod manufacturers falling in the one industry, retail sellers of those rods falling in another, and fishing guides in a third, all before considering the inputs of fuel, vehicles, or access that are

all necessary as well. In early 2018 the U.S. Bureau of Economic Analysis (BEA) released a new prototype Outdoor Recreation Satellite Account (ORSA) in a first attempt to provide statistics that quantify the outdoor recreation's contribution to GDP in the U.S., both within industries and by activity.<sup>2</sup> In doing so, the BEA broke outdoor recreation into three categories.

<sup>1</sup> Montana Institute for Tourism and Travel Research

<sup>2</sup> <https://www.bea.gov/newsreleases/industry/orsa/orsanewsrelease.htm>

## BEA Outdoor Recreation Categories:

- Conventional recreational activities, like hunting, fishing, camping and hiking.
- Broad recreational activities, like outdoor festivals or agritourism.
- Support activities, like travel expenses or construction.

Conventional recreational activities are all recreational activities undertaken for pleasure that generally involve some level of intentional physical exertion and occur in nature-based environments. Broad recreational activities are all recreational activities undertaken for pleasure that occur outdoors.

By combining multiple data sources, the BEA was able to produce nationwide estimates of the outdoor economy's GDP contribution. According to the ORSA, outdoor recreation accounted for 2% of national GDP in 2016, or \$373.3 billion. The total economic activity for outdoor recreation was about 37% conventional activities, 22% broad recreation, and 41% support activities. The industries that benefited the most from outdoor recreation included retail trade, accommodation and food services, and manufacturing. These estimates reveal how outdoor recreation not only drives spending on the activities themselves, but also spurs significant spending in supporting activities.

The ORSA only covers national estimates, so what might outdoor recreation's contribution to the Montana economy look like? Currently, there are no statistics to provide a direct match to the ORSA in Montana, but some studies have been done using different methods of estimation. The Outdoor Industry Association estimates that there is just over \$7,000,000,000 in consumer spending in Montana from outdoor recreation, creating 71,000 jobs in the state.<sup>3</sup> The National Park Service (NPS) estimates that in 2016, over 5.6 million people visited Montana to go to national parks and spent \$547.8 million, leading to almost 9,500 jobs and \$261 million in income.<sup>4</sup> Estimates like this are make it very clear that outdoor recreation has a large economic impact in Montana.

## Outdoor Industries in Montana

Even though Montana's industry employment data doesn't allow for replication of the ORSA, it is possible to look at a select group of industries that would most likely fall in the conventional recreation category (**Figure 1**). Focusing on a small set of closely related industries will exclude many jobs and wages that come from what the BEA defined as support activities. However, it provides a baseline, or floor, measurement of outdoor recreation's contribution to jobs and wages and shows trends that probably extend across all of outdoor recreation's contribution to the economy.

<sup>3</sup> <https://outdoorindustry.org/state/montana>

<sup>4</sup> U.S. Department of the Interior, National Park Service, Visitor Spending Effects

**FIGURE 1:**  
**Outdoor Industries**

NAICS Code	Industry
114210	Hunting & Trapping
332992	Small Arms Ammunition Manufacturing
332993	Ammunition Manufacturing ( <i>Except small arms</i> )
332994	Small Arms, Ordnance, & Accessories Manufacturing
339920	Sporting & Athletic Goods Manufacturing
451110	Sporting Goods Stores
487110	Scenic & Sightseeing Transport., Land
487210	Scenic & Sightseeing Transport., Water
487990	Scenic & Sightseeing Transport., Other
532284	Recreational Goods Rental
561520	Tour Operators
611620	Sports & Recreation Instruction
712190	Nature Parks & Other Similar Institutions
713920	Skiing Facilities
713930	Marinas
713990	All Other Amusement & Recreation Industries
721211	RV ( <i>Recreational Vehicle</i> ) Parks & Campgrounds
721214	Recreational & Vacation Camps ( <i>except Campgrounds</i> )

This analysis covers payroll employment and as a result many small businesses and self-employed workers are not able to be counted, further emphasizing how any counts here are low-end estimates. Using this conservative grouping of outdoor industries, Montana averaged approximately 7,880 jobs in the outdoor industries in 2016. Employment fluctuated with the seasons and peaked at

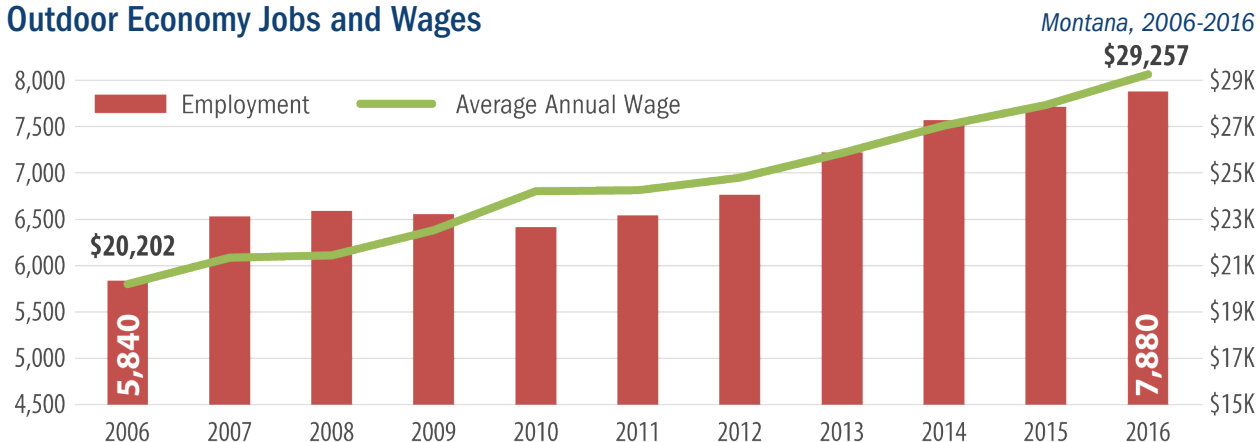
8,900 in the third quarter. The jobs in these outdoor industries also paid \$230,545,729 in wages, at an annual average wage of \$29,257 per job. The seasonal nature of many jobs in the outdoor industries contributes to this being lower than statewide average annual wage. All together the outdoor industries identified and used for this analysis compose a sector with more employment than each of the mining, utilities, information, and management industry sectors. Employers in the outdoor industries are tend to be small employers, with an average of nine employees per establishment, compared to ten per business across the entire economy.

Outdoor industries have grown rapidly since 2006 with nearly 2,000 jobs added by 2016 and average annual wages increasing by \$9,000. Outdoor industry growth outpaced total industry growth, at 35% compared to 7%. **Figure 2** shows the increase in jobs in the outdoor industries as well as the increases in average annual wages. One factor contributing to the growth of outdoor industries in Montana is an increase in tourism from out-of-state visitors. Nonresident visits have increased by 19% or about 2,000,000 visits since 2006<sup>5</sup>. Several factors may have contributed to the increases in domestic travel in the U.S. The recession and the resulting depreciation of the U.S. dollar made international travel more expensive for Americans (and less expensive for foreign visitors to the U.S.). Also, in 2014, gas prices fell making domestic travel less expensive for Americans.

<sup>5</sup> Montana Institute for Tourism and Recreation Research



**FIGURE 2:**  
**Outdoor Economy Jobs and Wages**

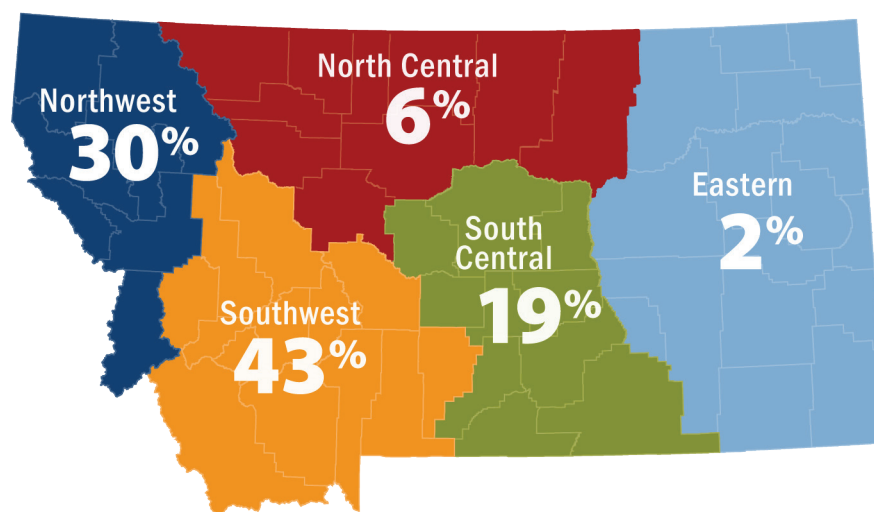


Source: Montana Department of Labor and Industry, Quarterly Census of Employment and Wages

## Where is the outdoor economy?

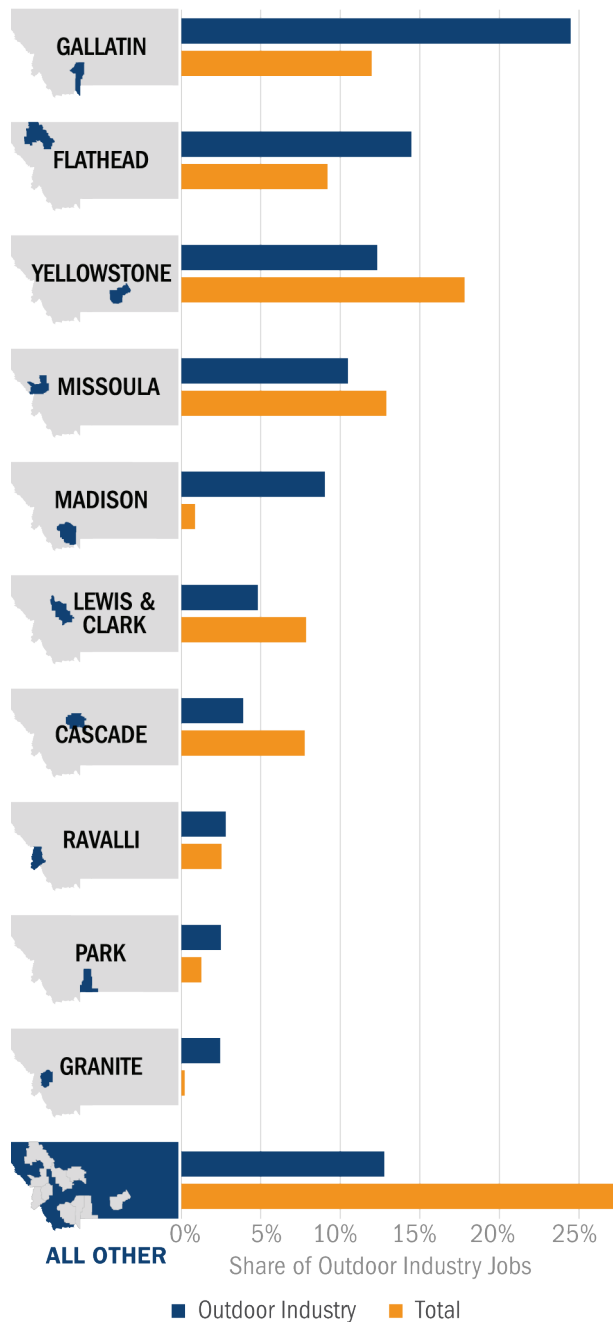
When it comes to the outdoor economy, location is key. Access to public lands, important landmarks or sites, wildlife, or other outdoor draws make outdoor recreation possible. Similarly, transportation networks, such as roads, rails, or airports can influence what places are most easily accessed by visitors, and thus where businesses can reach the most customers. As displayed in **Figure 3**, most of the employment in the outdoor economy is in western Montana, areas with a lot of access to mountains, national parks or other landmarks, and public lands. In these places you may also find entrepreneurs turning their knowledge and passion for outdoor recreation into businesses such as equipment manufacturing, whether it be surfboards in Missoula, fly rods from Butte, or any other local gear manufacturer.

**FIGURE 3:**  
**Outdoor Economy Employment by Region**



Source: Montana Department of Labor and Industry, Quarterly Census of Employment and Wages

**FIGURE 4:**  
**Largest Counties for Outdoor Industries**  
*By Share, Montana, 2016*



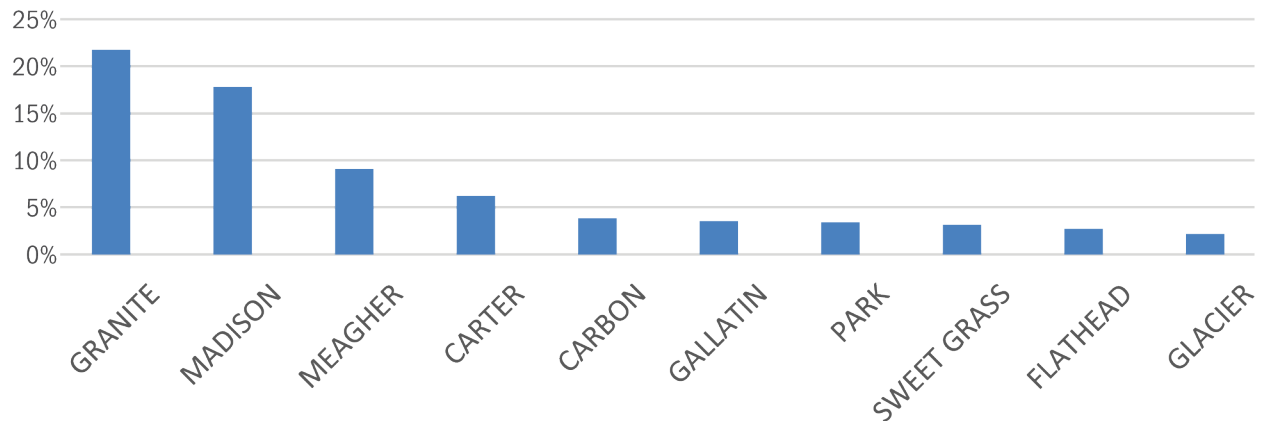
Source: Montana Department of Labor and Industry, Quarterly Census of Employment and Wages

**Figure 4** shows the top 10 Montana counties in 2016 by the share of the outdoor industry jobs within them. The top 10 counties for outdoor industries make up 87% of all outdoor industry jobs, with some having an outsized share compared to all industry employment. Being near a national park is beneficial, evidenced by Gallatin, Flathead and Park counties showing up on the list. The presence of a large resort can also bring large numbers of jobs to an area, as evidenced by Madison County's large number of jobs coming from the Big Sky area. Many jobs in the manufacturing and sales of sports equipment are likely to be near cities so that they can take advantage of larger labor markets and transportation networks, placing counties with large cities like Billings and Missoula on the list. Businesses selling sports equipment can benefit from economies of scale being in cities that act as hubs for regional trade and broadening their customer base.

While the jobs are concentrated in western larger cities, these local economies may not be as reliant on the outdoor economy jobs as other places. For example, while Yellowstone County has nearly 1,000 jobs in the outdoor industries, those jobs only make up 1.2% of the county employment. **Figure 5** shows the top 10 counties for the share of total jobs from the outdoor industries. In Granite and Madison counties, the outdoor economy makes up over 17% of all jobs. The outdoors as a resource to bring spending to an area can be a vital part of a local economy, especially in rural counties that don't have other major industries.

**FIGURE 5:**  
**Largest Counties for Outdoor Industries**

*By Share, Montana, 2016*



*Source: Montana Department of Labor and Industry, Quarterly Census of Employment and Wages*

## Conclusion

Outdoor recreation drives significant consumer spending and brings many jobs to the state. Over the past ten years, Montana's outdoor recreation economy has boomed. Beyond the spending and jobs that come from outdoor recreation, there are even more benefits that have yet to be measured completely. The opportunity to recreate in public spaces can increase home values and create value for homeowners. Businesses seeking new employees can use Montana's recreational opportunities to use as a recruitment tool, which is especially helpful during a worker shortage. People who love certain sports and activities may even use their passion to fuel start-ups in the manufacturing of sports equipment, as guides, or other entrepreneurial ventures. While economists are still perfecting how to measure the benefits of outdoor recreation in Montana, it is already obvious that it provides large benefits to the state.

